

SECTION 2

RELATED AGENCIES AND PROGRAMS

DEVELOPMENT – FINANCING ENTITIES AND PROGRAMS

DOWNTOWN DEVELOPMENT AUTHORITY

The City of Detroit Downtown Development Authority (the “DDA”) is a public Authority established to correct and prevent deterioration in the downtown business district, to promote its economic growth and development, to increase property valuation and tax basis and to create and retain jobs in the downtown area.

Property value deterioration has been a serious problem in downtown Detroit since the late 1950s with very little redirection and arrest until the late 1970s. The causes of property value deterioration can be eliminated by attracting substantial private investment and development in downtown.

Act 197, of the Public Acts of Michigan, 1975, as amended, is the enabling legislation for the creation of the City of Detroit Downtown Development Authority, which was established by a City Ordinance adopted by the City Council on May 20, 1976. The DDA has been used as a very effective, valuable and results-oriented approach to eliminate the continued causes of property value deterioration and to promote economic investment and reinvestment in downtown.

The DDA is governed by a Board of Directors, the members of which are appointed by the Mayor and confirmed by the City Council. Three operational committees – the Finance Committee, the Design Review Committee, and the Parking Operations Committee – assist towards the implementation of DDA’s goals and objectives.

In February 1978, the DDA Board of Directors and the City Council adopted

the DDA’s Tax Increment Plan and Development Plan for Development Area No. 1 (the “Plan”), pursuant to which the DDA utilizes many of the powers permissible under the enabling legislation to implement the Plan, as amended from time to time.

The DDA’s operations are funded through its annual operating budget of approximately \$2.5 million; the DDA’s capital investments are funded through its annual development budget of approximately \$21.0 million.

A useful tool of downtown development authorities is the power to utilize tax increment financing, a method of funding public purpose investment in a designated redevelopment area by recapturing the incremental increase in tax revenues resulting from the difference between the established base year and the current year. These revenues are then dedicated to finance capital projects, or to service the debt on bonds sold for capital projects in order to further development in the designated areas.

In addition, the DDA has utilized additional national, state and local financial incentives (such as Urban Development Action Grants (UDAG), Block Grants, Economic Development Corporation grants, UMTA grants, Tax Exempt Revenue Bonds) to further its development objectives.

Completed Projects

The DDA has provided or assisted in the financing of numerous projects in the downtown area. Some of the more significant DDA projects include the Trolley Plaza Apartments, including a garage component, the Riverfront Residential Phase I and II, the Millender

DOWNTOWN DEVELOPMENT AUTHORITY

Center (a mixed-use development including apartments, hotel, office, commercial and office components), the Trappers Alley Festival Market Place and the renovation of the Fox, Gem and State Theaters. The most recently DDA assisted downtown projects include:

- 150 West Jefferson, \$80 million, 500,000 square foot. first class office building
- \$30 million renovation of the Michigan Opera Theater
- One Detroit Center, \$24 million, 1-million square foot first class office tower
- Harmonie Park redevelopment of loft apartments, commercial and office space, a rehabilitation project of approximately \$22 million
- \$4 million renovation of Music Hall Theater
- Development of a parking facility of 1,050 spaces, including 40,000 square foot of retail space and infrastructure support for air rights development in Greektown, for a total capital investment of \$20 million.
- The recently completed Comerica Park, home of the Detroit Tigers and Ford Field, home of the Detroit Lions, currently under construction. A capital investment in excess of \$500 million.
- Demolition of the old Hudson's building and construction, currently underway, of an 800-space underground parking facility to accommodate the Campus Martius Development
- Major road improvements surrounding the Renaissance Center, headquarters for General Motors Corporation.

Current and Proposed Projects

Detroit Downtown Development Authority Project Listing

1. **Campus Martius Redevelopment** – the DDA and the City of Detroit have entered into a Development Agreement with Kern Woodward Associates for the development of proposed office, retail, and commercial space in an area known as “Campus Martius”, which is composed of the Hudson Block, the Kern Block, the Crowley Block, the Monroe Block and the Kennedy Square Block. Furthermore, Compuware Corporation was identified by DDA and the City as the Signature tenant for the Hudson Block and the Crowley Block. DDA's contribution of \$71 million for public improvements and parking facilities will leverage private investment of approximately \$700 million.
2. **Convention Facilities Area Public Improvements** – The Jefferson/Brush/Civic Center Enhancement Project provides funding for architectural and engineering work leading to paving, plantings, signage, lighting (including Christmas lighting) and irrigation improvements, street furniture and other boulevard construction. The project includes the following streets: Washington Boulevard from Grand Circus Park to Jefferson; Jefferson Avenue from Cobo Hall to 1-75 freeway; Brush from Jefferson to Gratiot. The total proposed allocation is \$3.6 million.

DOWNTOWN DEVELOPMENT AUTHORITY

3. **Ford Auditorium** – Proposed funding of \$500,000 to finance repairs to Ford Auditorium will include the roof and other as yet unidentified items that may be needed to ensure the building's future viability.
4. **Comerica Park** – The DDA participated in funding \$40 million of the construction of a 42,000 seat publicly owned baseball stadium for a total project cost of \$260 million. Its construction was completed in spring 2000. It is owned by the Detroit Wayne County Stadium Authority and operated by the Detroit Tigers, Inc., DDA will contribute \$250,000 annually, adjusted for inflation, to be deposited into the Major Repair and Replacement Fund.
5. **Ford Field** – The proposed participating funding of approximately \$85 million is for the construction of a 70,000 seat publicly owned football stadium for a total project cost of \$225 million. Its construction will be coordinated between The Detroit Lions, Inc.; the City of Detroit's Downtown Development Authority and the Detroit/Wayne County Stadium Authority.
6. **Harmonie Park Acquisition and Improvements** – Funding of \$1.8 million is allocated to assist towards the third phase of public improvements to complement the rehabilitation and renovation of several buildings within the project area for commercial and residential uses.
7. **Development Financing and Small Business Loan Transactions** – A revolving loan program of \$4 million to stimulate additional, small-scale redevelopment and/or new construction projects within the Downtown District.
8. **Housing/Office/Retail Development/Absorption Programs** - The Authority is designating a Housing/Office/Retail Development Loan and Absorption Fund to stimulate additional residential and commercial activities in the Downtown District. The program was implemented in FY 2000-01 with an initial allocation of \$2.68 million, and will continue until FY 2027-28 with an average allocation of \$2 million annually.
9. **Downtown Development Planning** – Reflecting that anticipated development and growth must be properly managed, the Authority allocated \$500,000 of funds for a Downtown Development Planning Program.
10. **Land Assemblage** – The allocated \$26.78 million Land Assemblage program is funded with the intent to increase investor demand in the DDA Downtown District. By assembling parcels of developable size, it will meet the development needs (i.e. size, zoning, parking, location, etc.) of investors.

DOWNTOWN DEVELOPMENT AUTHORITY

<i>PROJECT EXPENDITURES</i>	<i>FISCAL YEARS</i>				
	<i>2001-02</i>	<i>2000-03</i>	<i>2003-04</i>	<i>2004-05</i>	<i>2005-06</i>
Campus Martius Redevelopment Convention Facilities Area Public Improvements	\$30,000,000	\$30,000,000			
Ford Auditorium	1,950,000	70,000			
Comerica Park	500,000				
Ford Field	250,000	250,000	250,000	250,000	250,000
Harmonie Park Development	10,000,000				
Development Financing SBLT	1,000,000				
Housing/Office/Retail Development/Absorption Program	1,960,000	2,010,000	2,580,000	2,570,000	2,700,000
Downtown Development Planning	250,000				
Land Assemblage	6,190,000				

DETROIT ECONOMIC GROWTH CORPORATION

The Detroit Economic Growth Corporation (DEGC) is a private non-profit corporation established in 1978 to help businesses provide jobs and to leverage private investment in the City of Detroit. Structured as a public/private partnership, the DEGC combines public sector policy and direction with private sector leadership in a 58-member board comprised of concerned business, civic, labor and community leaders appointed by the Mayor. In partnership with City government, the DEGC serves as an implementing agency for business retention, attraction and economic development initiatives in the City of Detroit.

Detroit also enters into an annual contract with the DEGC for services the DEGC provides to the City's development entities. The DEGC also receives from time to time foundation and other grants for special programs and has arranged interim financing for real estate and development activities through funding made available by the private sector foundations.

A Federation Of Organizations

The DEGC provides staff services to a federation of organization with quasi-public development tools to complement the public powers of the city to further business growth and neighborhood development in the City.

The Downtown Development Authority (DDA), Economic Development Corporation (EDC), Neighborhood Development Corporation (NDC), Tax Increment Finance Authority (TIFA), Local Development Finance Authority (LDFA), and the Brownfield Redevelopment Authority (BRA), all were created pursuant to enabling statutes of the State of Michigan by the City as development resources and tools coordinated within the framework of the DEGC.

The DEGC is funded by both the private sector and the City of Detroit. Contributions are received each year from businesses of all sizes throughout the metropolitan area. The City of

ECONOMIC DEVELOPMENT CORPORATION

The Economic Development Corporation (EDC) was established pursuant to Act 338, Public Acts of Michigan, 1974 for the purpose of assisting local industrial and commercial enterprises to strengthen and revitalize the local and state economy.

The EDC provides a wide array of administrative and management services on behalf of the City involving economic development projects. Generally, EDC projects are funded by contracting with the City on an individual project basis to cover the costs of consultants and contractors employed by the EDC for each project.

The EDC has also provided assistance as construction manager for various other City Projects such as the Holbrook Ave. reconstruction, rail siding construction into the former Nicholson facility, the construction and repair of City salt domes, and the implementation of a Site Reclamation Grant from the Michigan State Department of Environment Quality.

Utilizing repayments from Urban Development Action Grants (UDAG) assigned to the EDC, several economic development loans have been made. The Bing Group, the O.J. Building Materials Distribution Center, Midtown

Development, New Center Stamping and Perstorp Xytec are examples of companies receiving this assistance.

The City also utilizes the services of the EDC to convey City property for economic and community service development. Thyssen Steel, O.J. Development, American Red Cross, Mexican Industries, Focus Hope, the Bing Group, Riverbend Plaza, and Detroit Symphony Orchestra Hall are examples of this EDC service.

The EDC was utilized as the “point” agency for the Central Industrial Park Project (General Motors Detroit Hamtramck Assembly Facility), the Jefferson Conner Industrial Revitalization Project (Chrysler Jefferson North Assembly Facility), the Eastside Industrial Revitalization Project (Chrysler Engine Plant), and the Atkinson Playfield Project (Thyssen Steel expansion) by coordinating project activities through acquisition and site preparation. Currently, the EDC is providing similar assistance with the 1-94 Industrial Park Project.

The EDC has also created a Neighborhood Development Corporation to allow it to play a role in residential development.

SUBSIDIARY NEIGHBORHOOD DEVELOPMENT CORPORATION

The Economic Development Corporation (EDC) Act, Act 338 of the Public Acts of Michigan, 1974 as amended, provides for an EDC to create a subsidiary corporation to implement housing and neighborhood improvement programs within areas that qualify as blighted or as certain other defined areas.

The EDC's Board of Directors also serves as the Neighborhood Development Corporation's (NDC) Board of Directors.

The NDC can acquire property, construct improvements, and make these available in programs for the rehabilitation or construction of housing for immediate sale at "fair market value". This is implemented pursuant to a project plan, similar to an EDC project plan, approved by City Council.

The EDC (the commercial component) and the Neighborhood Development Corporation (the residential component) are jointly implementing a project located South of E. Jefferson between St. Jean and **Norfolk**, which will provide at completion approximately 20 acres of new commercial development and approximately 400 new home sites for market rate housing.

LOCAL DEVELOPMENT FINANCE AUTHORITY

State of Michigan Public Act 281 of 1986 provided for the creation of Local Development Finance Authority (LDFA) to prevent conditions of unemployment and promote economic growth; to provide for the creation and implementation of development plans; to authorize the acquisition and disposal of interests in real and personal property; to permit the issuance of bonds and other evidences of indebtedness by an authority; and to authorize and permit the use of tax increment financing.

At a public hearing on September 13, 1988, the City Council adopted a resolution establishing the Local Development Finance Authority and approving mayoral appointments to the LDFA Board. City Council also designated the boundaries of the Authority District, which includes the Jefferson/Conner Industrial Revitalization Project. The LDFA sold tax increment bonds to finance part of the cost of the City's Jefferson/Conner Project.

The LDFA is housed and staff services are provided by the Detroit Economic Growth Corporation. The LDFA continues to monitor the bond payments for the Jefferson/Conner Industrial Revitalization Project. At the present time there are no initiatives to expand the LDFA authority district for additional projects.

TAX INCREMENT FINANCE AUTHORITY

This Authority was created on March 5, 1982 by resolution of the City Council pursuant to Act 450, Public Acts of Michigan, 1980. In accordance with the Act, the Authority's objective is preventing urban deterioration by encouraging economic development and neighborhood revitalization and historic preservation. The Authority may acquire and dispose of land, create and implement a tax increment plan, and issue bonds and other types of indebtedness to finance various projects.

The Tax Increment Finance Authority has issued bonds to pay a portion of the cost associated with the City's Central Industrial Park Project. The financing, which utilized the "tax increment" approach, was the first of its kind to be successfully completed in Michigan. The bonds have been retired on schedule.

During 1986-87, the Authority created a second District, which included a portion of the New Center Area and provided assistance to the St. Regis Hotel expansion.

The obligation of the TIFA toward this project has been extinguished.

In 1986 the State Legislature severely limited the ability of the TIFA to undertake new projects and therefore due to this restriction no new projects are contemplated. The TIFA is housed and staffed by the Detroit Economic Growth Corporation.

OTHER ENTITIES

DETROIT BUILDING AUTHORITY

A GENCY MISSION

The mission of the Detroit Building Authority is to enhance City Department's delivery of world class services by administering and expediting their Capital Improvement Projects.

AGENCY ACTIVITY

The Detroit Building Authority (DBA) was established to assist City Departments in expeditiously carrying out their Capital Improvement programs. The responsibilities of the DBA includes: administering capital projects from start to completion by; encumbering project funds via a Contract of Lease; distributing bid documents and request for proposals, issuing contract awards, securing required Human Rights Clearances, preparation and execution of all contract documents. The DBA also reviews and approves contract invoices. Payments to contractors and vendors are made directly by the DBA. Additional oversight responsibilities include monitoring design development, all aspects of construction and inspection for each capital project managed by the DBA.

In addition, the DBA administers the Special Areas Maintenance Program (SAM), which covers 35 commercial areas throughout the City. The services provided by SAM involves supplying contractors to perform landscape, mechanical, electrical, structural, and general maintenance in the referenced thirty-five areas.

The governing body of the DBA is the Board of Commissioners composed of:
Mayor Dennis W. Archer, Chairman
Deputy Mayor Freman Hendrix, Secretary
Carl Collins, Treasurer
Rev. Wendell Anthony
Phyllis James
J.Edward Hannan, (Mayor Designee)

DBA ADMINISTRATIVE FEES

- **OVERVIEW**

The Detroit Building Authority began collecting fees for the projects it managed beginning fiscal year 1994-95. Prior to that time, the Authority received funds for its operation. The DBA's operating budget is fully funded by the fees collected from the agencies its services.

- **DETERMINATION OF FEE AMOUNTS**

The maximum amount charged to a contract of lease is 5% of the funds actually spend on a project.

If a project cost is budgeted to be \$10 million or more, the percentage charged to the contract of lease is negotiated for an amount less than 5%.

- **TIMELINESS OF FEES**

Fees are billed to the agencies on a semi-annual basis. If a project is to be completed within a year or less, the agency is billed for the full administrative fee at one time.

DETROIT BUILDING AUTHORITY**DBA COMPLETED PROJECTS – FISCAL YEAR 1999-00**
Within the last 12 months

The following DBA projects were complete as of June 2000

PROJECT	PROJECT DESCRIPTION:	PROJECT COST:
Cobo Arena Ramp	Municipal Parking Department System Renovation	\$ 567,392
Cobo Restroom Renovations	Part of Repairs of the Civic Center	\$ 692,000
Detroit Institute of Arts Main Building	Renovations and Improvements to Chillers	\$ 2,804,450
Belle Isle Cherry Tree Project	Replacement of Cherry Trees on Belle Isle	\$ 39,000
Henderson Park Marina/Phase I	Parking and Drainage Improvements	\$ 638,636
Wildlife Interpretive Gallery (WIG)	Renovation of Detroit Zoological park	\$ 9,743,993
Bishop & Kronk	Renovation of playfield and recreation Center	\$ 1,200,000
Detroit City Airport	Renovation of the Executive Terminal	\$ 424,700
911 Backup Center	Construction of 911 Backup/Emergency Operations Center	\$ 5,266,808
911 Center Project	Renovation of 911 Center at Police Headquarters	\$ 104,776
Main Fire Station	Renovation of Downtown Headquarters Fire Building	\$ 561,885
Fire Department-Engine No. 5	Renovation of Fire Station Engine No. 5	\$ 2,314,608
Mt.Elliott/Chene Park Project	Replacement of Chene Park Roof	\$ 115,082
Pole Barn/Belle Isle Golf Course	Improvement to Belle Isle Golf Course	\$ 53,920
Belle Isle Nature Center	Creation of Great Lakes Ecosystem Educational Exhibit	\$ 80,000
Detroit Police Department	Construction of Police Department Teleconferencing/Video Arraignment Room	\$ 100,000
Detroit City Airport	Upgrade of the Aircraft Rescue and Fire Fighting Building	\$ 26,461
TOTAL COST OF COMPLETED PROJECT		\$ 24,733,711

DETROIT BUILDING AUTHORITY**DBA OPEN PROJECTS FISCAL YEAR 1999-00**

The following DBA projects were open, still in process as of June 2000

PROJECT	PROJECT DESCRIPTION:	PROJECT COST:
Millennium Parking Garage	Construction of a new 600+ car structure and retail space at the corner of W. Congress and First streets	\$ 12,000,000
First & Bagley Parking Garage	Repairs to existing parking structure located at the corner of First & Bagley streets	\$ 549,084
Premier Garage	Construction of a new 600,000 square foot four level underground parking garage located at the site of the former Hudson's Department Store building.	\$ 35,900,000
Human Services Department (5031 Grandy Bldg.)	Renovations to the building	\$ 909,360
Arctic Ring of Life & National Amphibian Center	Construction of a new exhibit at the Detroit Zoological Park	\$ 3,400,000
Belle Isle Aquarium Renovations	Renovations of the Belle Isle Aquarium	\$ 712,000
Eastern Market Renovations	Renovations to sheds and buildings located at the Eastern Market.	\$ 2,400,000
Rouge Park/Rogell Golf Course	Renovations to the Rogell Golf Course	\$ 863,900
Detroit Recreation Camp (Camp Brighton)	Renovations to the Detroit Recreation Camp (formally known as Camp Brighton) located approximately five miles west of Brighton, MI	\$ 3,300,000
Huber Maintenance Facility	Repairs and renovations to Recreation Department's storage building which was damaged during the July 1997 tornadoes	\$ 3,450,000
Lipke Recreation Center Project	Renovations to the Lipke Recreation Center	\$ 4,747,807
Northwest Activities Center	Renovations to the Northwest Activities Center	\$ 2,798,457
McCabe Field Renovation – Phase II	Renovations and upgrades to the McCabe Playfield	\$ 315,000
Riverfront Parks	Maintenance of Mt. Elliott, Chene, St. Aubin Parks plus the Belle Isle Entrance Area.	\$ 305,000
Manz Playfield	Renovations to the Manz Playfield	\$ 575,000
Coastal Management (Lakewood East)	Architectural and engineering services for planning the renovations of the Lakewood East Park.	\$ 189,000
O'Shea Recreation Center	Renovations to the O'Shea Recreation Center	\$ 280,000
Cobo Center/Joe Louis Arena Fire Emergency Reconstruction	Reconstruction of the sections of Cobo Center and the JLA that were damaged by the March 4, 1999 fire.	\$ 13,500,000

DETROIT BUILDING AUTHORITY

Coleman Young & Roberto Clemente Recreation Centers	Renovations of the named recreation centers	\$ 1,200,000
Civic Center Fire Suppression Sprinkler System	Construction of a new sprinkler system inside of Cobo Center.	\$ 1,00,000
Civic Center Sprinkler System Under the Lodge Freeway	Construction of a sprinkler under the Lodge Freeway to protect Cobo Center in case of a fire on the Lodge under Cobo.	\$ 1,784,000
36 th District Court Improvements	Renovations to the Madison Center which house the 36 th District Court.	\$ 1,506,383
Public Safety Mall Project	Construction of a new public safety mall in Southwest Detroit that will house the Fourth Precinct, the 36 th District Court, Wayne County Sheriff, Michigan State Police, Detroit Fire Department station and offices for the Municipal Parking Department	\$ 6,301,628
Detroit Police Department Security System Upgrade	Renovations/upgrades to the security system at DPD Headquarters and at Precincts 2-13	\$ 1,000,000
Detroit Public Library	Improvements to the Main Library, Conley, Hubbard, Mark Twain & Wilder Branches	\$ 2,500,000
Renaissance Zone Infrastructure Restoration (P&DD)	Reconstruction of the streets, sidewalks, curbs and drainage system in the Livernois, Lyndon, Cloverdale and Intervale Renaissance Zone	\$ 2,500,000
MPD Administrative Offices	Renovation of the Municipal Parking Department's administrative offices located at 1600 W. Lafayette Boulevard	\$ 1,197,017
151 W. Fort Street (Silver's Building)	Construction of a new ITS training facility inside of the former Silver's building	\$ 840,000
Belle Isle Misc. Project Athletic Field Electrical Upgrade	Upgrading of the lighting system at the Belle Isle Athletic Field	\$ 212,430
Detroit Historical Museum Historic "Star Fort"	Renovations of Historic "Star Fort" at the Fort Wayne Museum	\$ 500,000
Henderson Marina Renovations – Phase II	The construction of new boat docks at Henderson Marina	\$ 3,360,000
Herman Keifer Health Complex Renovations	Remove & replace roofs at building units A & B and Animal control building	\$ 1,200,000
Detroit City Airport French Road Mini-Take	The acquisition of several parcels of land just west of Detroit City Airport	\$ 2,000,000
Recreation Centers & Site Improvements	Capital improvements at Kronk, Patton, Johnson and Wheeler Centers, Stone and Maheras pools and at Mt. Elliott Park	\$ 400,000
Grand Circus Park Garage	Energy conservation services and renovations to reduce energy costs at the Grand Circus Park Garage	\$ 1,151,153
Cultural Center Garage	Architectural/Engineering Services for the purpose of renovating the Cultural Center Garage	\$ 245,000

DETROIT BUILDING AUTHORITY

Detroit Zoological Institute	Construction of a new Fire Detection, Alarm & suppression system at the Detroit Zoological Park.	\$ 1,000,000
Detroit Zoological Institute Mall Lighting	Improvements to the lighting system at the Detroit Zoological Park.	\$ 150,000
Detroit Institute of Arts (DIA)	Renovations to the Conservation Laboratory and the installation of computerized, direct digital controls	\$ 7,513,783
Detroit City Airport	Renovations to runways and facilities at Detroit City Airport	\$ 1,143,000
Detroit Fire Department (DFD) Fire Station Renovations	Renovations of several fire stations throughout the City	\$ 2,000,000
Detroit Police Department (DPD) Precinct Renovations	Renovations to the Second, Fifth and Seventh Precincts	\$ 2,000,000
Considine Recreation Center	Renovations to the Considine Recreation Center	\$ 440,000
Hawthorne Recreation Center Demolition Project	The demolition of the Hawthorne Recreation Center	\$ 135,000
Manoogian Mansion Renovations	Interior/Exterior repairs and renovations to the Manoogian Mansion	\$ 440,000
Cobo Garage	Renovations to the Cobo Center Parking Garage	\$ 788,450
Greektown Garage	Renovations to the Greektown Parking Garage	\$ 339,572
Detroit Police Department New Communications Center	The construction of a new DPD communications center inside of an existing building located at 13131 Lyndon Avenue on the City's west side.	\$ 200,000 (Programming Phase Only)
TOTAL NUMBER OF OPEN PROJECTS		48
TOTAL COST OF OPEN PROJECTS		\$132,783,5234

AGENCY MISSION

The Mission of the Detroit/Wayne County Port Authority (DWCPA) is to plan, develop and foster economic and recreational growth, through environmental stewardship, in promoting Detroit and Southeast Michigan as an import/export freight transportation and distribution hub for the U.S, Canada and the World marketplace.

The DWCPA will accomplish this task as a performance-based agency by providing logistical, marketing, bonding, educational and integrated support services to the intermodal transportation industry (air, water, rail and trucking) based around the Great Lakes, Seaway and foreign trade zone area.

The DWCPA was created in 1978 through the Hertel-Law-T. Stopczynski Port Authority Act, MCLA 120.101 et seq (1978). Comprised by a five-member board (one from the State, two from the County and two from the City), the jurisdiction of the Port Authority encompasses approximately 32-miles of waterfront within Wayne County.

Under the Port Authority Act, the DWCPA may “do all acts and things necessary or convenient to promote and increase commerce and recreation within the territorial jurisdiction.” The DWCPA has the authority to enter into contracts for land acquisition, improvement and other aspects of real estate development. Creative financing procedures allow the DWCPA to float development bonds in order to advance projects that promote the Port’s mission.

AGENCY ACTIVITIES

The Port of Detroit contributes an estimated \$490 million dollars from waterborne commerce to the regional economy through jobs, taxes and business revenue. The Journal of Commerce listed the Port of Detroit as the second most valuable port in the nation (through all forms of commerce) only behind Long Beach, California, worth approximately \$85 billion dollars. Detroit’s links to our nation’s largest trading partner, Canada, see roughly 2.2 million trucks annually. Trade with Canada via Detroit produces close to \$7 billion dollars, or 70% of total U.S. trade with Canada. These numbers reflect the importance trade and commerce has in our region, and illustrates how important Detroit, Michigan is nationally. The DWCPA will analyze the economic impacts further and make these figures easily accessible in order to promote further growth and attract future business to the area.

Besides educating and marketing the value of our intermodal connection has to the economy, the DWCPA seeks to contribute its development capabilities as a part of regional planning initiatives. The Port Authority finds it vital to maintain and preserve current port facilities in order to sustain the strength of current output levels. Further, development of Detroit’s first public passenger cruise terminal has already been appropriated \$6 million dollars from the federal government and \$1.5 million from the state; it should be completed by the year 2001. Cruising the Great Lakes has returned after a 30

year departure from Detroit. The Port Authority will use this new passenger terminal as a welcome center for future visits from these magnificent cruise vessels. This development not only enhances Detroit's standing as a tourist destination, but provides tangible evidence that riverfront redevelopment is underway. Other projects include adequate dredging of the Detroit River to provide efficient access for large freighters and cruise vessels. Improving our border crossing effectiveness through federal grants and funding alternatives. Also, developing an electronic port accessible over the Internet that provides a wealth of information for citizens, businesses or anyone else interested in port initiatives.

The Detroit River is gaining increased visibility with the recent designation as American Heritage River status. Logically this calls for increased assistance and management of Detroit's most marketable resource. In the long-term, the DWCPA sees itself becoming the lead agency for preserving and building upon maritime interests, and a complementary component for waterfront redevelopment. General bonding capabilities provide the DWCPA's funding sources with an alternative financing mechanism that divides capital debt. Such bonding capacity has never been utilized but is currently being studied and marketed for future economic development projects that can benefit Southeast Michigan.

The Port Authority, as in other cities, can be a very effective development partner. Further, as the only planning agency that can contribute expertise in marketing maritime and port related initiatives, the DWCPA seeks to enhance its participation in waterfront redevelopment management.

PROPOSED PROJECTS

The first of our two development projects is a multi-use public dock and passenger terminal. The dock is designed to not only harbor and attract cruise ships, but also many other transient vessels visiting our city. Currently, no such facility exists to receive these ships that call on the Port of Detroit. Vessels such as naval frigates, historical tall ships, racing yachts, tour boats and dinner cruisers all need a place to dock. The DWCPA will use \$7.5 million in federal and state appropriations granted to us from the Transportation Equity Act for the 21st Century (TEA-21) to fund the planning and construction of the dock facility- \$6 million in federal funds and \$1.5 million in state funds will be received upon the transfer of property from the City Detroit (fulfills local match requirement). Anticipated date of closing March 2001.

Additional funding and grants will be needed for improvements along the miles of seawalls and waterfront to ensure safe and suitable public access. Other public access improvements will include street enhancements and entrance signs, parking modifications for tourists, tour buses, taxis, etc. Further, green space and park beautification is planned to create a more aesthetically pleasing tourist point for travelers.

The second of our two projects, the Port of Detroit Project, includes transferring from the City of Detroit, the 32-acre property and rights of Detroit Marine Terminal, Inc. to the DWCPA. Upon completion of the transfer, the DWCPA will contract with a major Great Lakes shipping operator for a 20-year agreement to operate and manage Detroit's only remaining steel terminal. It is essential to update and modernize the facility for future operators so

DETROIT/WAYNE COUNTY PORT AUTHORITY

Detroit's Port can remain competitive. Additional work may include the construction of new climate controlled warehouses to accommodate our local steel processors such as Thyssen Steel, one of Michigan's largest steel finishing operations. Steel coils that arrive at our docks eventually end up at automotive stamping plants throughout the City of Detroit and surrounding metro region. Currently, the Detroit/Wayne County Port Authority envisions the following projects as our "high-priority" projects. All projects are geared toward a combination of three development areas: economic development, recreation, tourism and environment stewardship.

The new port and dock will be a multi-purpose facility that will include new DWCPA offices, and potentially a prominent national restaurant chain. Currently, the City of Detroit lacks an actual dock site for major vessels that come to visit our port. The proposed facility will be able to handle ships of 1,000 tons or more including cruise, naval, ferry and other transient vessels. Integrated within this facility will be a welcome center supplied with various literature and information publicizing our city and region. We would also be interested in integrating an INS and U.S. Customs office within our building.

Port Terminal Development

The intent of this goal is to ensure the long-term viability of the Port of Detroit by protecting important terminal and dock property. Recently, the City of Detroit condemned Detroit Marine Terminal Dock #1 along the Rouge River, thus eliminating needed space for bulk storage capacity. The DWCPA seeks to protect important docks and terminals to ensure long-term growth for the Port of Detroit. If necessary the Port Authority will acquire current port sites

with guaranteed operators, in turn creating another revenue stream for the DWCPA.

If the DWCPA acquires a site, it would invest through a general revenue bond offering in substantial infrastructure improvements to complete these sites. This includes clearing the sites and making the necessary improvements that will attract new transportation, distribution and warehousing companies, ensuring the region's port viability for the next century.

As technology and markets continue to evolve, the Port of Detroit is increasingly becoming a cost-effective alternative for bulk, time-sensitive and container cargoes. The DWCPA plans to market these sites in conjunction with a larger feeder port terminal much like the European Hub port system. These revamped distribution components will focus attention on Detroit as a destination port and transshipment hub to the rest of the Great Lakes system.

Rehabilitate Current Port Facilities

Several different State and City planning and development agencies have expressed interest in assisting the Port Authority to preserve and develop existing deep-water ports, including the Michigan Economic Development Corporation, Detroit Renaissance, Detroit Edison and the Detroit Regional Chamber. This group is currently identifying sites that have the potential to expand to upwards of 40 acres for heavy industrial use. There is a need in the City for an Industrial Park offering buildings in the 30,000 to 100,00 square foot range; the DWCPA could create a separate revenue stream through potential tenants. Thus, the DWCPA could facilitate a land/water transfer facility for international trade fulfilling

DETROIT/WAYNE COUNTY PORT AUTHORITY

its mission in developing and ensuring the provision of transportation facilities and services in metropolitan Detroit.

The potential for development within the boundaries of our federally designated empowerment zone is also being pursued by the DWCPA. Rehabilitation current dock facilities and leasing them out within the zone would bring employment and revenue to the area.

DETROIT/WAYNE COUNTY PORT AUTHORITY

PUBLIC DOCK AND PASSENGER TERMINAL PROJECT
Cost Estimates

<u>Description of Item</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
Cost of Operations:					
Parking	100,000	--	--	--	--
Security	100,000	--	--	--	--
Green Space	200,000	100,000	--	--	--
Public Access	100,000	100,000	100,000	--	--
Other	100,000	--	--	--	--
Total Cost of Operations.	600,000	200,000	100,000	--	--

PORT OF DETROIT PROJECT
Cost Estimates

<u>Description of Item</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
Cost of Operations:					
Building Improvement	250,000	150,000	50,000	--	--
Outdoor Storage	200,000	100,000	50,000	--	--
Dock & Seawalls	200,000	100,000	50,000	--	--
Major Maintenance reserve	100,000	50,000	25,000	--	--
Remove Gantry Cranes	100,000	--	--	--	--
Building Additions	--	2,000,000	1,000,000	1,000,000	1,000,000
Capital Acquisition	2,000,000	--	--	--	--
Contingency/Other Improve.	100,000	100,000	100,000	100,000	100,000
Total Cost of Operations	2,950,000	2,500,00	1,275,000	1,100,000	1,100,000

DEVELOPMENT ZONES

THE DETROIT EMPOWERMENT ZONE

The City of Detroit was awarded an Empowerment Zone in December 1994. The Empowerment Zone is a Federal government initiative (Federal Omnibus Reconciliation Act of 1993) to spur economic development in designated distressed areas (by census tract). Detroit's application for the empowerment zone entitled "Jumpstart the Motor City" was a result of a cooperative and comprehensive participatory strategic planning process which included significant community representation, as well as, business, government, educational and religious communities. The term of the program is ten years.

The Zone is made up of an area of 18.35 square miles (total land area must be less than 20 square miles) encompassing three distinct neighborhoods- Southwest Detroit, the Woodward Corridor and the Eastside. The zone was carefully drawn to include disinvested areas of the City in order to achieve the maximum economic development potential. Designation as an Empowerment Zone provided a \$100 million grant, as well as, tax benefits for companies located in the Empowerment Zone that employ residents of the Zone. The tax credits allow for up to 20% of the first \$15,000 in wages and training costs) for Zone employers who hire residents of the Zone.

The Empowerment Zone programs are administered by the Empowerment Zone Development Corporation and its Board of Directors. The Detroit City Council authorized the creation of the Corporation by ordinance in 1995.

The Goals, Measures, Benchmarks and Actions Steps (GMBAS), outlined in the Empowerment Zone application, are as follows:

Creating Economic Opportunity:

1. To assist community-based organizations, businesses and entrepreneurs to gain access to capital resources and technical assistance.
2. To strengthen the business and technology base of the Zone to spur economic growth.
3. To link residents to jobs and expand the labor force by providing pre-training and training programs for skilled, competitive and upwardly mobile employees.
4. To increase international trade and tourism within the zone, focusing upon regional cooperation.

Sustaining Competent Healthy, Safe Families:

1. To follow a comprehensive community policing plan and empower community-based organizations.
2. To integrate multi-agency and jurisdictional initiatives and decentralize public safety-related services in the Zone.
3. To promote and support community-based programs designed to reduce crime and violence.
4. To design and initiate a coordinated health and human services system supportive of the development and preservation of strong and healthy families.
5. To build on existing community programs that promote the empowerment and stabilization of families and individuals and support their efforts to become and remain productive, engaged members of the community.
6. To improve the quality of learning in the classroom, community and work

THE DETROIT EMPOWERMENT ZONE

place, including entrepreneurial education at each level.

7. To integrate technology into educational and training programs.
8. To develop programs and partnership that enhance youth, family and citizen learning.

Restoring and Upgrading Neighborhoods:

1. To preserve and develop affordable housing.
2. To develop quality public housing and tenant opportunity.
3. To create a continuum of housing services for the homeless.
4. To improve the accessibility of public transportation.
5. To beautify Detroit's landscape through creative use of vacant land.
6. To increase reuse of environmentally contaminated land.
7. To improve the quality of recreational facilities and programs.
8. Environmental Technology as Employment Generator.

These goals are integrated into the economic development strategy of the City, which focuses its efforts in two areas: to provide an attractive and stable environment that is conducive to business and secondly, to insure that all its residents have access to opportunities of economic development. The overall Economic Development Program of the City of Detroit seeks to tap into the many programs available, such as the Empowerment Zone, to achieve the maximum development benefit.

Since receiving designation as a federal Empowerment Zone, Detroit has proceeded with the plans outlined in its application. The One-Stop-Capital-Shop was opened so that entrepreneurs and business people can receive assistance from multiple agencies in one location. At the One-Stop-Capital-Shop, people can receive training and technical assistance from business and financial professionals which will aid them in obtaining start-up or expansion capital.

Status of the Detroit Empowerment Zone

The Empowerment Zone Financial Institution Consortium commitments currently total more than \$6.6 billion. Lending commitments have been received from a consortium of thirteen (13) area financial institutions, plus commitments and letters of support were received from forty-four (44) private companies, thirteen (13) foundations, twenty-three (23) community service and business organizations, and 18 community-based organizations.

THE DETROIT EMPOWERMENT ZONE

<i>Development Type</i>	<i>Number of Developments</i>	<i>Estimated Cost of Project (in millions)</i>
Commercial	22	\$164.2
Industrial Manufacturing	41	3,169.1
Office	9	26.0
Public Institutional	42	2,495.2
Residential	45	830.6
Total	159	\$6,685.1

In Southwest Detroit, the Mexicantown Welcome and Retail Center is being developed at the Ambassador Bridge, Detroit's international border crossing at a project cost of \$12 million.

Currently, there are a total of eighty (80) projects contained in the overall plan. These projects range from job training and neighborhood development, to educational development and self-help programs for special sectors of the Empowerment Zone population. Public and not-for-profit sponsors run the majority of these projects.

Over 1,000 Empowerment Zone residents have received job training, job placement and education. It is reported that 10,000 jobs have been created in the zone as a result of economic development projects. Currently reported, there is a 2.9% decrease in the unemployment figures for the Empowerment Zone.

The Empowerment Zone Development Corporation currently has six housing programs available to assist community-based organizations in expediting housing development in the Empowerment Zone. Financing, technical assistance and land acquisition is the main emphasis of the Corporation. Currently ninety-seven (97) community-based organizations have received

technical assistance related to community and economic development.

Human Service Activities

Job skills training programs are being offered by Focus Hope, the Detroit Medical Center and Wayne State University. The Warren Conner Development Coalition, all Saints Neighborhood Center, Friends of Parkside and the Detroit Hispanic Development Corporation also provide job skills training. The City of Detroit Recreation Department and Employment and Training Departments provides landscape training and assistance in resume writing and Internet resumes services, respectively.

There are thirteen (13) projects designed to address public safety issues and promote violence free communities. A seven- percent reduction in crime in the Empowerment Zone since 1995 is being reported. The Detroit Police Department Community Policing program and proposed Public Safety Mall within the Empowerment Zone are designed to address crime prevention with the assistance of other law enforcement agencies.

The Detroit Urban League-Male/Female Responsibility Respect Life- Stop the Violence Program has been established in Empowerment Zone schools and other areas near the Zone with large zone populations. New Detroit Inc operates

THE DETROIT EMPOWERMENT ZONE

the Youth Non-Violence Training Academy to teach non-violent principles of Dr. Martin Luther King to Empowerment Zone youth and adults. The Detroit Recreation Department initiative “Schools as the Heart of the Community” involves fourteen (14) schools throughout the Empowerment zone that serve as Recreational Support Centers.

The “Pastor’s Outreach Basketball Program” is attracting numerous youth between the ages of 16-25. This service engages youth through basketball activities, while teaching spirituality and moral development issues. Wayne State University also offers youth and family education services.

The heart of the Empowerment Zone’s mission and commitment is the implementation of Human Service initiatives, which is designed to improve the quality of life for all Empowerment Zone residents. Projects totaling \$32.5 million have been identified to address this concern. Programs identified offer services to pregnant women and their young children- early childhood/family development center, parenting and pre-school education, comprehensive early childhood development and school based health centers.

Programs are available to assist the homeless and jobless families. The Great Lakes Center for Independent Living services the handicapped and links public housing to Empowerment Zone programs. Programs are available to assist seniors/elderly in remaining partially independent.

Neighborhood Review Panels have been established in each of the three regions of the Empowerment Zone. The panels consist of residents of the zone that represents their neighborhoods in administering the zone. This represents a true collaborative effort between residents from the community, businesses, Empowerment Zone administrators and board members and City officials.

From “Detroit Empowerment Zone 1995-2000”, Empowerment Zone Development Corporation
Detroit Planning & Development Department, Empowerment Zone Application

NEIGHBORHOOD ENTERPRISE ZONES

The State of Michigan Public Act No.147 of 1992 established Neighborhood Enterprise Zones to provide a stimulus for the development of new residential housing and the rehabilitation of existing housing stock in economically distressed communities. The Detroit City Council on October 21, 1992 authorized the use of the Neighborhood Enterprise Zone (NEZ) Act for the City of Detroit. This Act expires in 2002.

The NEZ Act allows local governments, meeting all the applicable criteria set forth in the act, to designate one or more zones and offer property tax abatements to encourage residential investments and improvements. Upon completion of the residential unit or the completion of certain qualified improvements to a residential structure located within a designated NEZ, the owner, future owner or developer may apply for a NEZ certificate which entitles the residential unit to exemption from ad valorem real property taxes for a period of 12 years. In lieu of payment of the full property tax, the property is assessed a special levy - neighborhood enterprise zone tax. This tax for new construction is equal to the state equalized valuation (SEV), not including the land, times $\frac{1}{2}$ of the statewide average millage rate. For rehabilitated residential structures, the tax is equal to the total millage rate levied by all taxing units within which the rehabilitated structure is located times the SEV, not including the land, for the year prior to the effective date of the certificate.

The NEZ Act does not limit the number of zones a local governmental unit may have. However, the Act does limit the total area of land a governmental unit can designate as NEZ. In general, the cumulative area of the zones can be no more than ten

percent (10%) of the total area of the City. In Detroit, this 10% limit amounts to 13.79 square miles or 8,826 acres. There are two exceptions to the 10% limitation. An additional 1% or 882 acres can be used for new housing if part of the development is ten or more owner-occupied units. In addition, for every $\frac{1}{2}$ percent decrease in the total property tax rate levied by the City, the percentage of acreage permitted increases by 1%. This limit is decreased by 1% for each $\frac{1}{2}$ percent increase in the total millage rate levied by the City, up to the statutory 10% limit. There are limitation provisions for rehabilitated residential structures under the Act. Only existing residential housing facilities with 1 to 8 units with a current or pre-improvement true cash value of \$60,000 or less per unit is eligible for the reduction in taxes under this Act; and the property true cash value must increase upon completion of the rehabilitation.

Another criteria of the Act require that a zone must be compact and contiguous and must contain not less than ten (10) platted parcels of land. The Act does not allow for the amendment or the rescinding of a designated zone for three years.

The Detroit City Council adopted in its resolution the following goals, objectives and policies for the NEZ.

- To actively support neighborhood or community based self-help organizations engaged in local housing construction, conservation or rehabilitation efforts...
- To stabilize and revitalize neighborhood housing conditions by encouraging the creation of new housing units for moderate and lower income persons...

NEIGHBORHOOD ENTERPRISE ZONES

- To take appropriate actions to influence and facilitate increased private sector involvement in public programs that will propel and sustain City neighborhood-housing stabilization initiatives...
- To take appropriate actions to stimulate increased demand for Detroit housing by all household types by encouraging private market participation to provide housing choices...
- To promote efforts to stabilize and increase the level of home ownership and owner-occupied housing in the City.
- To take appropriate actions to facilitate the providing of an adequate supply and mix of Detroit housing for all household types.

In 1992, some of the first areas designated as Neighborhood Enterprise Zones were Victoria Park, Virginia Park, selected portions of Jefferson-Chalmers and Hubbard-Richard, and some undeveloped sections of Elmwood Park, ANR Harbortown and the PIFU area whose boundaries were defined as Chalmers and Kercheval, Alter Road and E. Jefferson.

Some of the criteria used to review projects for the NEZ are as follows:

A proposed zone need not demonstrate all the criteria, but should be characterized by a combination of several.

1. The area is designated for new owner-occupied condominium, single- or two-family construction;

2. The area has a concentration of vacant sites;
3. The area is characterized by expansive vacant land and is adjacent to stable or redeveloping neighborhoods;
4. The area is composed of distinctive homes or has distinctive surroundings, including historic (regardless of designation) areas, with scattered vacant, abandoned, rehabilitable structures;
5. The area is composed primarily of residential structures with true cash value of \$60,000 or less per unit where the purpose for designation is the rehabilitation benefits (versus new or infill construction);
6. The area or the proposed infill new construction is or will be marketable (for example, a neighborhood composed of strong distinctive housing stock but with numerous vacant lots);
7. The area is targeted for redevelopment efforts by the City adopting development plans, providing technical assistance or assigning project staff, appropriating significant funding for public improvements, home rehabilitation or new development;
8. The area is one where the City enters into cooperation with other entities who provide plans, funding, mortgage financing, and evidence of experience and capability to implement housing

NEIGHBORHOOD ENTERPRISE ZONES

- improvement/construction programs;
- 9. The area has potential mortgage financing;
- 10. The area is stable and is composed of smaller homes amenable to expansion which are located on relatively large lots.

Even if an area meets several of the above criteria, designation should not be recommended if:

- 11. The parcels intended to be improved do not form a compact, contiguous area of either:
 - ♦ 10 parcels or more; or
 - ♦ of 10 units or more if designated for new construction only.
- 12. If the property value for rehabilitation properties exceeds \$60,000 per unit and the purpose of the designation is not infill but primarily for rehabilitation.
- 13. An analysis of the area indicates there is little probability that the proposed improvements will generate significant increases in the true cash value and the taxes eligible for abatement.

Neighborhood Enterprise Zone Act Application Process

- 1. Information from Applicant for Area Designation to P&DD
 - a. Area boundaries proposed for designation
 - b. Number of buildings available to be rehabilitated
 - c. Number of vacant lots available/how many contiguous?

- d. Evidence of homeowner or developer interest and likelihood of financing
 - e. Form and extent of community involvement in area revitalization
- 2. Analysis of Information by City Departments
 - a. Planning and Development Department to analyze information and comment on conformance to Master Plan and long range goals of City.
 - b. Assessors Office to analyze information for determination of true cash value of property in area and an estimate of increase in true cash value because of improvements likely to be made because of designation.
 - 3. Planning & Development Department to analyzes proposed designation against review criteria and make recommendation to City Council
 - 4. City Council Process for Approval of Area Designation
 - a. Mandatory Public Notice and Hearing.
 - b. Approve or disapprove designation by resolution.
 - 5. Application is made to the State for Individual Neighborhood Enterprise Zone Designation.

NEIGHBORHOOD ENTERPRISE ZONES

NEIGHBORHOOD ENTERPRISE ZONES APPROVED PROJECTS

<i>PROJECT NAME</i>	<i>CITY COUNCIL APPROVAL DATE</i>	<i>10% Rehab/Infill ACREAGE</i>	<i>1% New Construction ACREAGE</i>
Jefferson-Chalmers	Oct 21, 1992	341	
PIFU	Oct 21, 1992	64	
Hubbard-Richard	Oct 21, 1992	8.07	
Virginia Park	Oct 21, 1992		18
Victoria Park	Oct 21, 1992		46
Elmwood Park # 7	Oct 21, 1992		8
Elmwood Park #10C & D	Oct 21, 1992		8
Harbortown	Oct 21, 1992		33
Corktown	Oct 26, 1994	50.4	
Westwood Park	Jan 3, 1996	88	
Grayhaven	Mar 27, 1996		33.9126
Clairpointe	May 1, 1996		13.8
Islandview	May 1, 1996	60.71	
Woodward Place (aka Brush Park)	Jul 17, 1996	89	
Euclid Square (aka Painia)	Oct 2, 1996	4.27	
Emmanuel Community Center	Jun 25, 1997	82.06	
U-Snap-Bac	Jul 16, 1997	63.19	
Bagley Housing Association ¹	Sep 9, 1998	31.9	
Uptown Row	Sep 9, 1998		3.69
Midtown	Mar 10, 1999	69.523	
Graimark	Mar 31, 1999	101.3	
Longacre	Sep 8, 1999	28.6749	
Corktown "C"	Nov 10, 1999	25.762	
Bonnie Bridge Villa	Nov 10, 1999	.7222	
Woodward-Seward (aka New Center)	Jan 12, 2000	36.87	
Parkview Estates (aka Penn & Associates)			6.93
Rivertown	Nov 9, 2000	60.75	
Grinnell Place	Nov 15, 2000		
West Village	Nov 15, 2000	87.38	
TOTAL DESIGNATED ACREAGE		1,293.5821	171.3326
TOTAL ACREAGE PERMITTED		8,826	882
AVAILABLE ACREAGE		7,532.4179	710.6674

Data from City of Detroit Planning & Development Department as of December 1, 2000

NEIGHBORHOOD ENTERPRISE ZONES

NEIGHBORHOOD ENTERPRISE ZONES PENDING PROJECTS

PROJECT NAME	PROPOSED DATE	10% Rehab/Infill ACREAGE	1% New Construction ACREAGE
Palmer Street ²	Dec 17, 1997	6.1605	
Indian Village Manor	Feb 23, 1998		
Woodward-Garfield ³	Nov, 1998		0
Woodward Millenium ⁴	Jan, 1999		4.5
English Village	Nov, 1999	104.23	
East Village	Dec, 1999	99	
Algonquin	Unspecified		
Riverbend Plaza (aka Heritage Condos)	Jun 15, 2000	Included in Algonquin figures	
Piety Hill	May 19, 2000	13.181	
Woodmont Estates ⁵	Unspecified		
Chalmers Heights	Sep 6, 2000	144	
Prevost Gardens	Nov 16, 2000	5.72	
TOTAL PROPOSED ACREAGE		372.2915	4.5
TOTAL DESIGNATED ACREAGE		1,293.5821	171.3326
TOTAL ACREAGE PERMITTED		8,826	882
AVAILABLE ACREAGE		7,160.126	706.1674

NOTES:

- 1 Expansion of Hubbard-Richard NEZ
- 2 Dormant; Revived summer 2000
- 3 Withdrawn per J. Rosenthal July 24, 2000
- 4 On hold per J. Rosenthal July 24, 2000
- 5 Proposed an expanded area, to submit letter

From City of Detroit Planning & Development Department as of December 1, 2000

THE DETROIT RENAISSANCE ZONE

Renaissance Zones were established under the State of Michigan PA 376 of 1996 to spur economic development in areas defined as distressed by the Michigan State Housing Development Authority. Renaissance zone designation was awarded for five urban zones, four rural and two closed military facilities.

Detroit's Renaissance Zone encompasses 1,345.7 acres comprised of six non-contiguous, distinct geographic areas ranging from as small as 67.8 acres to as large as 727.8 acres. All six areas are characterized as largely industrial, both historically and based on predominant present land uses. Presently, these areas are experiencing persistent economic and physical decline, with City ownership in a substantial portion of area properties, thus currently yielding low city tax revenue per acre. All present significant redevelopment opportunities that needs incentives in order to be realized.

A 1995 inventory of businesses in the city found 266 operating businesses and 3,020 jobs in the Zone; manufacturing and warehousing were most highly represented among those jobs. All areas comprising the Zone have excellent access to major freeways, rail lines, waterways, and airports to support business growth within the city, county, and state.

Estimates are that the Zone development can produce more than 14,000 jobs at maximum build out and contribute more than \$4 million annually in additional income tax revenue alone. The City of Detroit anticipates the development objectives can be substantially accomplished over a 12-year period, the proposed duration of the Detroit Renaissance Zone.

It is abundantly clear that the Renaissance Zone will provide a substantial incentive to

stimulate increased job opportunities for Detroit residents and promote the reuse of vastly underutilized land and buildings in areas of the city that otherwise stand little chance of revitalization. For business operators and job seekers alike, Detroit's Renaissance Zone offers excellent prospects for economic expansion and career development.

Some particulars of the Renaissance Zone are: State and local taxes which will be waived for businesses and residents of the Zone include: Single Business Tax (SBT), Personal Income Tax and the 6-mill State Education Tax. Local taxes, which will be waived, include: Real and Personal Property Tax on operating mills, Local Income Tax and Utility Users Tax. Other taxes, which will be abated, if applicable, include: enterprise zone tax, technology park facilities tax, and neighborhood enterprise zone tax.

Federal taxes will not be waived. State sales taxes, unemployment insurance, social security taxes, and workers' compensation are not waived, as well. Also, Sewer and water fees are not waived due to the fact that they are fees-for-service. All applicable debt millages are not waived.

The provisions of the Renaissance Zone Act and related legislation require an eligible Renaissance zone taxpayer to satisfy certain requirements in order to maintain eligibility for Renaissance Zone tax relief.

- a. A taxpayer must pay all non-abated State, City, County and School taxes when due.
- b. The taxpayer must continue to file all State and local tax returns and personal property tax statements when due.

THE DETROIT RENAISSANCE ZONE

- c. Residential rental property owners in a Renaissance Zone must file an annual affidavit with the local tax collecting unit in which the property is located indicating that the property is in substantial compliance with all applicable State and local zoning, building, and housing laws, ordinances or codes.

A resident of the Zone must be domiciled in the designated zone for 183 consecutive days in order to have residency status.

Renaissance Zone status in Detroit will last 12 years, from January 1, 1997 to December 31, 2008. Tax benefits will be reduced by 25% during the tenth year of Zone designation, by 50% during the eleventh year, and by 75% during the final year.

Status of the Detroit Renaissance Zone

In May 2000, The Detroit Economic Growth Corporation (DEGC) completed an analysis of the City of Detroit Renaissance Zone. The following is an excerpt from the report:

The individual subzones exhibited a wide range of investment activity, from little to no new activity to several large multi-million dollar facilities constructed. From this range of investment activity, observations can be made about success predictors.

The two most successful subzones, Delray and Lynch Road, each had large parcels of land available that were controlled by the City of Detroit or developers working closely with the City. Equally important, the City and its developer/investor partners had projects waiting to begin if the right parcel could be found at the right price. These two conditions resulted in the construction of five new manufacturing facilities creating

over 1,000 new jobs, covering more than 1,000,000 square feet and with investments exceeding \$60,000,000. Three of these projects were in the exploratory phase with Renaissance Zone designation creating the financial incentive to take them to completion. The other two projects were proposed and completed after the private development market became familiar with the benefits of the Renaissance Zone.

The least successful zones, in terms of investment activity, Central City and Packard had two parcel ownership features in common. Both subzones are comprised of many small parcels requiring land assembly with no significant investment plans or opportunities, with one large building covering up to ½ of the total subzone area. The City developed plans to complete acquisition of each of the buildings and then market them for redevelopment. However, in both of these subzones, investment has been delayed while ownership of the buildings is contested and the parties claiming ownership begin to formulate their own redevelopment plans.

A synopsis of land redevelopment in each subzone is presented later in this discussion.

Three Proposed Amendments to Detroit's Renaissance Zones

On September 29, 2000, The City of Detroit submitted applications to the State of Michigan, to create two new Renaissance Zones and expand the Southwest Delray Zone. The two new proposed zones are Tiger Stadium and the Harridon Terminal Zones. The Southwest Delray Zone will be expanded to include Meridian International. The modified Tiger Stadium Zone boundaries are Michigan Ave-on the south; Cochran Ave-on the west; the Fisher freeway service drive-on the north; and Trumbull Ave-on the east. The Detroit City

THE DETROIT RENAISSANCE ZONE

Council has scheduled public hearings for January 2001 to discuss the proposed zones.

The Detroit Renaissance Zone Descriptions

Detroit's Renaissance Zone encompasses six different sections of the city. All six have a significant industrial presence, but suffer from vast amounts of vacant and/or underutilized land. A high degree of blight has contributed in making these areas undesirable for reinvestment without the use of tax incentives, which Renaissance Zone status will provide. Four of the non-contiguous Zone areas are located on the east side while the other two are on the west side. The six areas are generally referred to as follows:

- Area 1: Lynch Road
- Area 2: 1-94 Industrial Park
- Area 3: Southwest/Delray
- Area 4: Livernois/Intervale
- Area 5: Old Packard Site
- Area 6: Central City

Below is a brief description of each area.

Area 1: Lynch Road

This 116.2 acre site is bounded by Lynch Road and Jordan Street to the south, Van Dyke to the east, Forest Lawn Cemetery to the north and the Grand Trunk Railroad to the west. The site has direct rail access and is located less than one mile west of City Airport, approximately one mile north of Interstate 94, approximately one and one-half miles east of Interstate 75, and approximately five miles south of Interstate 696. The city of Hamtramck is located immediately west of the site. Currently, the western portion of the area, which is owned by the Chrysler Corporation, is primarily vacant. Most recently, it has been the site of a pallet company which has since vacated the premises. The central portion of the area,

which is also owned by Chrysler, is primarily used for storage purposes, as well. The eastern portion of Area 1 is predominantly residential, with a significant amount of vacant land. The proposed development for this Renaissance Zone area is to be as an industrial park with medium/heavy industrial and light industrial uses. The 1990 Census reported a population of 824 residents.

Current Status- Lynch Road:

All thirty-five (35) acres of available industrial property have been redeveloped with only residential and retail parcels currently undeveloped.

Area 2: 1-94 Industrial Park

The 1-94 Industrial Park is a 289.6 acre site located in the east central sector of the City. It is bounded generally by Grinnell and Huber on the north; Edsel Ford Freeway on the south; Van Dyke on the east; and Mt. Elliott on the west. A Conrail line extends through the property in a north-south direction. Currently, the northern and eastern portions of this area are primarily industrial. The remainder of Area 2 consists of largely vacant residential land. This area is also proposed to be developed as an industrial park with sections designated for distribution, medium/high industrial, and light industrial uses. The 1990 Census counted 1,316 residents.

Current Status- I94- Industrial Park:

Over 15 acres of privately held land has been redeveloped for industrial and manufacturing use. The City of Detroit is continuing the acquisition of parcels within the northern half of the subzone for conversion to a 183-acre industrial park.

Area 3: Southwest/Delray

Area 3 is an area of approximately 727.8 acres located in southwest Detroit. It is

THE DETROIT RENAISSANCE ZONE

generally bounded by Fort Street on the north, the Detroit River on the south, West End Street on the west and Scotten and Clark Streets on the east. The east/west Norfolk/Southern rail line bisects this area. Currently, 20 percent of the land use in Area 3 consists of single family detached housing, and 60 percent of this residential portion contains either vacant structures or vacant land. Fort Street between Summit and Livernois is currently in commercial use. The remaining 75 percent of the land uses in Area 3 are light industrial, medium/heavy manufacturing and distribution. The proposed development for the Southwest/Delray site calls for medium/high manufacturing, high tech office, and a commercial strip along Fort Street. The 1990 Census counted 2,102 residents.

Current Status- Southwest/Delray:

Fifty (50) acres of publicly controlled land have been fully redeveloped, with a 28-acre site under negotiation for development. A 10-acre privately held parcel is also under redevelopment. Currently, forty-eight (48) acres of publicly controlled industrial land are being marketed for redevelopment by the DEGC. The remaining acreage is a mixture of residential, commercial and privately held industrial property.

Area 4: Livernois/Intervale

The Livernois/Intervale area, a 72.9 acre, mixed-use industrial site, is located in the northwest sector of the City of Detroit. It is generally bounded by Lyndon Avenue on the north, Intervale Street on the south, Cloverdale Street on the west and Livernois Avenue on the east. An east/west rail line bisects this industrial site. Present land use in this area is a mix of light industrial and distribution. 40 percent of the land is vacant, much of which has been designated as a "brownfield". The proposed development for this area is light industrial and distribution. Area 4 has no residential

population.

Current Status-Livernois/Intervale:

Two buildings covering six acres of land have been redeveloped into new manufacturing centers with several privately held buildings having been relisted with brokers following a long period of inactivity.

Area 5: Old Packard Site

Area 5 is a 71.4-acre site located in the east central sector of the City. It is bounded generally by the northern property line of the old Packard facility, a property line running parallel to and immediately west of Farnsworth Street on the south, Canton on the east, and Mt. Elliott on the west. A Conrail line extends through the property in a north-south direction and forms the western boundary adjacent to Trinity Cemetery. This area is currently industrial, consisting of the largely vacant former Packard motor complex, Ludington News Company, Capuchin Ministries, and several smaller industrial and warehousing facilities. About 75 percent of Area 5 is vacant and/or underutilized. Proposed development for the Old Packard site calls for light industrial and distribution. There is no residential population.

Current Status- Packard:

Ten acres of building and land have been reactivated for use by a variety of tenants including manufacturing and bottling.

Area 6: Central City

The Central City area comprises a site of some 67.8 acres that is generally bounded by Milwaukee Avenue on the north, Piquette and the Ford Freeway (1-94) Service Drive on the south, John R. on the west and the Chrysler Freeway (1-75) on the east. The area, which is adjacent to the New Center Area and located entirely within the Detroit Empowerment Zone, is bisected by two

THE DETROIT RENAISSANCE ZONE

active rail lines that are utilized by Amtrak and freight users. The city's Central Business District is two-and-one-half miles south of Area 6. Current land uses in this area are a mixture of light industrial and warehouse/distribution. It is estimated that approximately 50 percent of the land and buildings in the Central City area are vacant and/or underutilized. The proposed development for this area is light industrial and distribution. The 1990 Census reported a population of 20 residents.

Current Status- Central City:

Nominal reinvestment has occurred in an area characterized by significant private ownership of many small parcels by many different parties.

Renaissance Zones -Recent Activities

There have been a number of significant activities in the Renaissance zone since the Detroit Economic Growth Corporation May 2000 Report.

Central City

The Carter Color Coat Building, thought to be controlled by the City, has had its ownership challenged in Court. The issue is still in Court with the plaintiff and the City of Detroit placing redevelopment plans on hold while the matter is decided. A developer has recently begun converting several commercial buildings for market rate residential lofts.

I94- Industrial Park

Acquisition of parcels for construction of the I-94 Industrial Park continues with several dozen offers accepted and ownership transferred to the City of Detroit Economic Development Corporation (EDC). Negotiations and final agreement discussions continue with Ashley Capital.

Intervale/Livernois

Construction continues of the public improvements, while several area businesses have completed exterior renovations and improvements. NYX completed renovation and has begun to occupy a building vacated in June of 1999.

Lynch Road

No new activity.

Packard

The City of Detroit lost its Court case claiming ownership of the Packard plant, which covered roughly half of the total subzone area. The redevelopment plans of the owner are unclear at present.

Southwest/Delray

Meritor Automotive has completed acquisition of two privately held, inactive factories along Fort Street and has begun aggressive demolition to complete construction of a new assembly facility. A 10-acre factory on the corner of Fort and Clark has been demolished and the site cleared and is awaiting construction of a truck refueling station and associated services.

Job Creation

As reported in the DEGC May 2000 report, jobs created within the Renaissance Zones have been primarily manufacturing with a range of job types and wages as would be expected. Jobs range from janitorial to facility management with the majority of the 1,267 jobs in semi-skilled manufacturing with wages ranging from \$13 per hour up to \$30 per hour. Non-management employees at new manufacturing facilities tend to live within a five-mile radius of the facility.

Residential

The three subzones with significant amounts of residential parcels have exhibited no

THE DETROIT RENAISSANCE ZONE

change in the status of these parcels. Lynch Road, Delray and I-94 subzones are characterized by low-income housing exhibiting disinvestment. There has been no significant rehabilitation or construction activity in these areas, nor has there been any indication that land values for residential parcels have increased in any meaningful way. The Central City subzones has seen the renovation of several buildings into upper income loft developments with prices ranging from \$150,000 to more than \$300,000.

Renaissance Zones Challenges

Central City

The biggest challenge to successfully remediate and reactivate the Carter Color Coat building is property ownership. Currently, this issue is under litigation. A six-story building covering almost three acres, the Carter Color Coat building will stimulate much private sector interest once ownership is settled and work can begin.

I94- Industrial Park

The EDC must continue to acquire and

transfer parcels to Ashley Capital to ensure the Industrial Park project is not delayed and investors are able to take full advantage of the Renaissance Zone financial incentives.

Intervale/Livernois

The remaining challenge is to stimulate private investment in privately held buildings along the newly landscaped and restructured street fronts.

Lynch Road

The biggest challenge is to stimulate residential and commercial redevelopment in an area of dis-investment.

Packard

The challenge is to induce the owners of the Packard Plant to redevelop the parcel to its highest and best use.

Southwest/Delray

A significant challenge is to overcome negative perceptions of environmental hazards in the general area in order to effectively market three large parcels that have been remediated to a level appropriate for industrial or commercial operations.

From the City of Detroit Planning & Development Department
Detroit Economic Growth Corporation May 2000 Report (status of zones, current status, recent activities, challenges)

THE DETROIT RENAISSANCE ZONE

Infrastructure Requirements

ZONES	CITY OF DETROIT DEPARTMENTS	ACTIVITY REQUIRED
I-94	Building & Safety	Issuance of required permits
	Department of Public Works	Evaluate perimeter roads and truck access routes Recommend road improvements to accommodate increased truck traffic
	Detroit Water & Sewage	Evaluate proposed redevelopment plan. Propose plan for removal or relocation of water and sewer service connections. Recommend upgrades to accommodate transition from residential to industrial service. Provide Combined Sewer Overflow (CSO) requirements. Identify funding required to implement recommendations.
	Environmental Affairs	Provide oversight of \$1,145,000 MDEQ Grant for Phase I assessments.
	Law	Provide counsel for public land assembly initiative and development agreement.
	Planning & Development (DEGC/EDC)	Assist developer in attracting potential businesses to site. Provide plan implementation assistance. Present proposed development plan to City Council. Sale/Transfer of City owned land
	Public Lighting	Evaluate requirements and estimate cost to remove and/or relocate public lighting facilities within phase one project area. Estimate provisions for upgrading of lighting, if required on the perimeter roads. Identify funding required to implement recommendations
Lynch Road	Building & Safety	Issuance of required permits
	Department of Public Works	Evaluate perimeter roads and truck access routes Recommend road improvements to accommodate increased truck traffic
	Detroit Water & Sewage	Evaluate proposed redevelopment plan. Propose plan for removal or relocation of water and sewer service connections. Recommend upgrades to accommodate transition from residential to industrial service. Provide Combined Sewer Overflow (CSO) requirements. Identify funding required to implement recommendations.
	Environmental Affairs	None
	Law	Provide counsel for development agreement and sale of land.
	Planning & Development (DEGC/EDC)	Obtain approval to sell land as proposed developments are approved. Process PA 198 Tax abatement request Administer MJC Infrastructure grant.

THE DETROIT RENAISSANCE ZONE

Lynch Road (Continued)	Public Lighting	Evaluate requirements and estimate cost to remove and/or relocate public lighting facilities within phase one project area. Estimate provisions for upgrading of lighting, if required on the perimeter roads. Identify funding required to implement recommendations
Livernois-Intervale	Building & Safety	Evaluate redevelopment plan proposed by Business Association. Identify plan to fund appropriate expenditures.
	Department of Public Works	Evaluate redevelopment plan proposed by Business Association. Identify plan to fund appropriate expenditures.
	Detroit Water & Sewage	Evaluate redevelopment plan proposed by Business Association. Identify plan to fund appropriate expenditures.
	Environmental Affairs	Evaluate redevelopment plan proposed by Business Association. Identify plan to fund appropriate expenditures.
	Law	Evaluate redevelopment plan proposed by Business Association. Identify plan to fund appropriate expenditures.
	Planning & Development (DEGC/EDC)	Evaluate redevelopment plan proposed by Business Association. Identify plan to fund appropriate expenditures.
	Public Lighting	Evaluate redevelopment plan proposed by Business Association. Identify plan to fund appropriate expenditures.

From the City of Detroit Planning & Development Department